

PREEMPTIVE STRIKE: NEW THIRD PARTY PATENT REVIEW PROCEDURES VIA THE AMERICA INVENTS ACT

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With the passage of the Leahy-Smith America Invents Act (the “AIA”)¹ in September of 2011, America’s patenting system is undergoing a significant make-over. While many people may already know about the resulting change from a “first-to-invent” to a “first-to-file” patent regime,² there are other features of the AIA that are worthy of discussion. A prominent example: new pre- and post-grant review procedures introduced in the Act provide several mechanisms by which third parties may participate in the patent examination process both before and after a patent is granted.

This article discusses how a person may submit relevant prior art to the U.S. Patent and Trademark Office (“USPTO”) to contest a pending application or oppose a recently-granted patent under the AIA, and why your clients may want to be aware of those procedures. The article also contrasts these new procedures (and their accompanying costs) with the less expansive procedures they are replacing.

The prior third-party review procedures

Under the prior system, a person challenging a pending patent application didn’t have many options. A third party was allowed to submit patents and published references to the U.S. Patent and Trademark Office (“USPTO”) that the third party asserted were relevant to patentability of a published patent application.³ However, the third party’s participation stopped there: no arguments or explanation could be made regarding the applicability of those references.⁴ Also, the window of time that the third party could make any submissions was quite narrow: submissions could only be made in the first two months after an application had been published and prior to the mailing of a notice of allowance.⁵

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become aware of a potentially adverse patent until after it has been granted. Under the law previously in effect, the mechanism by which a third party could dispute a granted patent was by filing a request to the USPTO for reexamination⁷. In an *ex parte* reexamination request (which procedure is still available), the third party requestor submits purported relevant prior art to the USPTO but has no further involvement in the reexamination proceeding.⁸ *Inter partes* reexamination proceedings (which have been replaced by *inter partes* review proceedings, described below) allowed the third-party requestor to participate in the proceedings.⁹

One limitation from previous *inter partes* reexamination rules was that a third-party requestor could submit only patents and printed publications — contrast this limitation with what documents qualify as relevant prior art during a patent’s initial examination: any patent, publication or evidence of a sale, offer for sale, or public use.¹⁰ An *inter partes* reexamination requestor was also limited to patent validity questions of novelty or obviousness,¹¹ compared to a patent application undergoing its initial examination that must satisfy all patentability standards, including the subject matter claimed¹² and what are known as the “written description,” “enablement,” and “best mode” requirements.¹³ As a result, these references, which would not be considered during the USPTO reexamination process, instead may become the subject of expensive and drawn-out patent litigation.

The new third-party review procedures

As mentioned, the new third-party procedures brought into existence by the AIA allow submissions for pending patent applications¹⁴ and for granted patents.¹⁵ These new procedures were available as of September 16, 2012 and “apply to any patent issued before, on, or after that ef-

fective date.”¹⁶ The details involved in these new procedures are described below.

Review of pending patent applications

The statutes regarding pre-grant submissions by third parties (now codified in 35 U.S.C. § 122) provide a mechanism by which persons other than the patent applicant can submit prior art in order to oppose a pending patent application.¹⁷ Such submissions must be made: (a) before the USPTO mails a notice of allowance for that application and (b) within six months of publication of the patent application (or by the date of the first rejection of any claim if that first rejection occurs more than six months after publication).¹⁸ In contrast to the old third-party submission rules, not only is the third party now permitted to comment on the applicability of submitted references, but there is a requirement that the third party provide “a concise description of the asserted relevance of each submitted document.”¹⁹

Review of granted patents

New procedures to oppose granted patents include *inter partes* reviews, post-grant reviews, and “citation of prior art and written statements.”²⁰

The new *inter partes* review procedures, which are now codified in 35 U.S.C. §§ 311–319,²¹ define a new type of trial proceeding before the Patent Trial and Appeal Board (“PTAB”) of the USPTO that allows the third party to contest a patent under limited grounds. *Inter partes* reviews limit third-party submission to patents or printed publications (similar to the old reexamination rules).²² Unlike post-grant reviews, *inter partes* reviews can only be filed after the passage of nine months from the date of patent grant.²³ Notably, *inter partes* review proceedings are required by statute to be completed within one year of commencement.²⁴



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The post-grant review laws, which are codified in 35 U.S.C. §§ 321–329,²⁵ allow any person to initiate a post-grant review proceeding to oppose a recently-granted patent. Similar to an *inter partes* proceeding, a post-grant review proceeding is a USPTO administrative trial before the PTAB. Unlike an *inter partes* review, a post-grant review can be based on any potentially invalidating grounds, not just patents or printed publications.²⁶ However, post-grant review petitions have a short window of opportunity: they must be submitted within nine months of the date of the grant of the patent.²⁷ Like *inter partes* proceedings, post-grant review proceedings are also required to be completed with one year of commencement.²⁸

The new procedure for citing prior art and/or submitting written statements is codified in 35 U.S.C. § 301.²⁹ This procedure allows anyone to submit any patent or publication reference that has a “bearing on the patentability of any claim”³⁰ Moreover, any person may submit statements made by the patent owner that were “filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.” (Emphasis added.)³¹ Thus, an adversary to a patent owner in litigation should be attentive to the patent owner’s statements—any assertion that may allow a reinterpretation of the patent claims could be submitted to the USPTO and subsequently used to limit the scope of the patent.

Cost comparisons

One downside of the new third-party review procedures is their cost. When the USPTO’s proposed rules come into effect,³² the cost to file a petition for *inter partes* review will start at \$27,200 and sharply rise based on the number of claims in the patent.³³ The cost to file a post-grant review will start at \$35,800 and also rise sharply based on the number of claims.³⁴ Compare this to the prior procedures: under prior rules, an *inter partes* reexamination proceeding cost \$8,800 in USPTO fees.³⁵ Further increasing the parties’ costs, these large filing fees will most likely be overshadowed by attorneys’ fees incurred during those proceedings because the parties are permitted to conduct (albeit limited) discovery.³⁶

That said, the prior procedures gave limited opportunity for third parties to contest granted patents through any means other than a lawsuit and practically no means to contest pending applications. Although expensive, the cost of these new third-party review procedures will, in most cases, be less costly to the parties in-

volved than a typical patent infringement lawsuit.³⁷ Even if a post-grant review procedure does not prevent a subsequent patent infringement lawsuit, it could preclude or at least reduce certain arguments with respect to invalidity of that patent.

Conclusion

The America Invents Act is bringing about significant changes to the U.S. patent system. Included in those changes are several new or modified types of third-party review. Under the old third-party review procedures, third parties were limited in what they could submit and when they could submit it. New procedures allow third parties to submit references and comments for pending patent applications, which was not previously allowed. New and expanded review procedures provide increased opportunities to challenge granted patents, and now let third parties submit more types of prior art references. It remains to be seen how many parties will take advantage of these new proceedings, but judicial efficiency could be served by their utilization.

About the Author

Jeffrey C. Parry is a solo practice patent attorney in Boise, where he focuses his practice on patent and trademark procurement. He was born and raised in Idaho Falls and graduated from the J. Reuben Clark (BYU) Law School in 2006 after receiving a degree in Chemical Engineering from BYU. Jeff currently serves as the Treasurer of the Intellectual Property Law Section of the Idaho State Bar. He is happily married and the proud father of three daughters. You may contact him at parry@parryip.com.

Endnotes

- 1 Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of 35 U.S.C.), available at <http://www.gpo.gov/fdsys/pkg/BILLS-112hr1249enr/pdf/BILLS-112hr1249enr.pdf> (last visited August 14, 2012).
- 2 See, e.g., Dana M. Herberholz, *America Invents Act: How Landmark Patent Reform Legislation Will Impact Idaho Inventors and Companies*, THE ADVOCATE, June/July 2011, at 28–31 for an excellent discussion of the ramifications of the first-to-file regime, which will come into effect on March 16, 2013.
- 3 37 CFR § 1.99.
- 4 37 CFR § 1.99(d).
- 5 37 CFR § 1.99(e).
- 6 Under 35 U.S.C. § 122(b)(2)(B)(i), the patent applicant may request that the patent application not be published; such a request is valid only when the applicant certifies that she does not intend to file any foreign patent applications claiming the same subject matter. *Id.*
- 7 35 U.S.C. § 302.
- 8 See USPTO, MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”), 8th ed. (2010) at § 2201.
- 9 See MPEP § 2601.
- 10 See 35 U.S.C. § 102(b).
- 11 37 C.F.R. § 1.552(a).

New procedures allow third parties to submit references and comments for pending patent applications, which was not previously allowed.

- 12 35 U.S.C. § 101.
- 13 35 U.S.C. § 112, First Paragraph.
- 14 AIA sec. 8.
- 15 AIA secs. 6(a) and 6(g).
- 16 AIA sec. 6(c)(2)(A); sec. 6(g)(3); sec. 8(b). One exception to this effective date is post-grant reviews, which will be available principally for patents having a priority date on or after March 16, 2013. AIA, sec. 6(f)(2)(A).
- 17 AIA 35 U.S.C. § 122.
- 18 AIA 35 U.S.C. § 122(e)(1).
- 19 AIA 35 U.S.C. § 122(e)(2)(A).
- 20 AIA sec. 6(a), 6(d), and 6(g).
- 21 AIA sec. 6(a).
- 22 AIA 35 U.S.C. § 311(b).
- 23 AIA 35 U.S.C. § 311(c)(1).
- 24 AIA 35 U.S.C. § 316(a)(11).
- 25 AIA sec. 6(d).
- 26 AIA 35 U.S.C. § 321(b).
- 27 AIA 35 U.S.C. § 321(c).
- 28 AIA 35 U.S.C. § 326(11).
- 29 AIA, sec. 6(g).
- 30 AIA 35 U.S.C. § 301(a)(1).
- 31 AIA 35 U.S.C. § 301(a)(2).
- 32 The AIA gives the USPTO fee-setting authority. AIA sec. 10. On February 7, 2012, the USPTO published its proposed fee schedule. See USPTO website, *Fees and Budgetary Issues*, http://www.uspto.gov/aia_implementation/fees.jsp#heading-1 (last visited August 14, 2012).
- 33 *Id.*
- 34 *Id.*
- 35 USPTO, UNITED STATES PATENT AND TRADEMARK OFFICE FEE SCHEDULE, effective September 26, 2011, <http://www.uspto.gov/web/offices/ac/qs/ope/fee092611.htm> (last visited September 6, 2012).
- 36 See AIA 35 U.S.C. § 316(a)(5); see also AIA 35 U.S.C. § 326(a)(5).
- 37 See, e.g., USPTO, *Changes to Implement Inter Partes Review Proceedings*, FEDERAL REGISTER, February 10, 2012, at 7055 (“The AIPLA Report of the Economic Survey 2011 reports that the total cost of patent litigation where the damages at risk are less than \$1,000,000 average \$916,000, where the damages at risk are between \$1,000,000 and \$25,000,000 average \$2,769,000, and where the damages at risk exceed \$25,000,000 average \$6,018,000. There may be a significant reduction in overall burden if, as intended, the Leahy-Smith America Invents Act and the proposed rules reduce the overlap between review at the USPTO of issued patents and validity determination during patent infringement actions.”).